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FISCAL IMPACT STATEMENT

LS 6885

BILL NUMBER: HB 1224

NOTE PREPARED: Dec 31, 2005

BILL AMENDED:

SUBJECT: Fire Protection District Tax Levy.

FIRST AUTHOR: Rep. Tincher

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes a property tax levy appeal to the Department of Local Government Finance by certain fire protection districts that have experienced growth.

Effective Date: Upon passage.

Explanation of State Expenditures: The state pays Property Tax Replacement Credits (PTRC) in the amount of 60% of school general fund levies attributable to all property and 20% of the portion of all operating levies (including the remaining 40% of the school GF levy) that are attributable to real property and non-business personal property. Homestead credits are paid by the state in the amount of 20% of the net property tax due for qualifying funds on owner-occupied residences. The total amount of Property Tax Replacement Credits and Homestead Credits is limited to \$2,028.5 M for FY 2007. If the total amount to be distributed exceeds the appropriation, then the distribution is proportionately reduced.

The bill could increase the levies for fire protection districts. The increase in expenditures from the Property Tax Replacement Fund would depend on the number of property tax appeals by fire protection districts. The maximum impact on the Property Tax Replacement Fund could be about \$3.5 M if all eligible districts applied for the maximum levy increase and the PTRC was not over the maximum amount. The maximum appeal would more than triple the levy for 27 of the 35 eligible districts. If a district only requested an appeal up to the amount of their 2005 levy, then the impact would be about \$1 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill could increase property tax levies for fire protection districts if the district has had at least a 50% increase in their assessed valuation from CY 2000 to CY 2005 (The CY 2000 AV is multiplied by 3 to reflect the change from 1/3 True Tax Value to True Tax Value). The maximum amount of the appeal is \$425,000. There are about 47 fire protection districts with operating levies of about \$18.2 M. Approximately 35 of the districts have had a growth in assessed value of over 50% between CY 2000 to CY 2005. The maximum increase in levies would be about \$14.9 M if all eligible districts applied for the maximum increase. The appeal would more than triple the levies for about 27 of the 35 districts. The impact if no district increased their levy by more than 100% would be about \$4.6 M.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Fire Protection Districts.

Information Sources: Department of Local Government Finance database.

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